

# CAC Board Reduces Assessment Rate for the Second Year While Increasing Marketing Budget

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**A**t the October 7, 2020 meeting, the California Avocado Commission Board of Directors took action to reduce the assessment rate for the upcoming 2020-21 fiscal year to 1.75% of the gross dollar value of fruit sold. The new assessment rate is effective from November 1, 2020 through October 31, 2021. The CAC Board and management are committed to prudently managing growers' assessment dollars, with the current rate reflecting a quarter percent reduction from the 2019-20 assessment rate of 2.00% and more than one-half a percent reduction from the 2018-19 assessment rate of 2.30%. During these past two years, despite the reduction in assessment rate, a larger percentage of the budget has been allocated toward marketing activities, with 2020-21 representing the highest allocation ever at more than 70% of the total budget.

As we have mentioned in prior issues of *From the Grove*, the job of approving an assessment rate and balanced budget is not an easy task. It requires the Board to analyze and evaluate numbers highly dependent on fairly uncertain factors - estimating the size of the crop that won't be harvested for at least four to five months in the future and projecting grower value that is susceptible to market volatility. This year proved even more daunting with the COVID-19 pandemic pushing into the new year. Up to the task at hand, the CAC Board reviewed various scenarios involving high and low crop sizes, as well as grower value and assessment rates. In a typical year, the Board would work to build a balanced budget, with expenditures matching projected revenue, however with a strong

ending reserve balance projected for 2019-20, the Board sought to draw down that reserve balance in 2020-21. Following this analysis, the CAC Board accepted management and the Finance Committee's recommendation to decrease the CAC assessment rate to 1.75%. The newly approved assessment rate would generate nearly \$14 million in revenue, based on a crop size of 325 million pounds and average value of \$1.25, and draw down reserves by 27%.

With these factors in place, the Board turned to management's proposed \$17.4 million budget and supporting business plan, examining the proposed programs and activities. The proposed, and subsequently approved, 2020-21 budget is comparable to the prior year in total dollars, however it increases the amount allocated to marketing activities, resulting in a marketing budget of \$12.2 million - 70% of the total budget. The remaining \$5 million of the budget is being allocated to industry affairs and production research, as well as administration - \$1.6 million and \$3.6 million, respectively. We thank the outgoing 2019-20 CAC Board, under the direction of Chairman John Lamb, for its work prudently managing grower funds and prioritizing spending.

Included here are just a few of the business plan highlights for the 2020-21 fiscal year. The complete business plan and budget can be reviewed online at the following locations:

Business Plan: [CaliforniaAvocadoGrowers.com/commission/accountability-reports/business-plans](https://CaliforniaAvocadoGrowers.com/commission/accountability-reports/business-plans).

Budget: [CaliforniaAvocadoGrowers.com/commission/accountability-reports/finance](https://CaliforniaAvocadoGrowers.com/commission/accountability-reports/finance).

## CALIFORNIA AVOCADO GROWERS REFERENDUM VOTE

Every five years the California Department of Food and Agriculture holds a state-mandated referendum vote to provide growers with the opportunity to determine whether the California Avocado Commission will be re-approved and continue for the next five years. The referendum timeline is:

- **February 15, 2021:** Ballots will be mailed to eligible commercial producers
- **March 16, 2021:** Completed ballots must be postmarked and returned to CDFA for tallying

Eligible commercial producers not receiving a ballot should contact the CDFA Marketing Branch Staff at **916.900.5018**.

The California Avocado Commission exists to support California avocado growers and is governed by a Board of Directors comprised of their peers to ensure good stewardship of grower funds.

### CAC FOCUSES ON FOSTERING GROWER VIABILITY BY:

- Building demand for California avocados at a price premium
- Differentiating California avocados to increase perceived value, preference and loyalty, to retain position as the most recognized, preferred and trusted avocado origin sold in the U.S.
- Developing strategic, targeted programs with retailers and foodservice operators
- Advocating for California avocado growers on issues such as water, trade and export
- Supporting production research and grower education



### ***Business Plan Highlights 2020-21***

The following initiatives have been developed with recognition that the pandemic, uncertain political situation and social upheaval may continue to influence the California avocado industry. Some events and activities will only occur if allowed by public health orders and with precautions taken to ensure safety. Some activities may take place virtually and backup plans have been developed as needed.

### ***Marketing***

- Showcase that *the best avocados have California in them* (through an extension of the 2019-20 integrated campaign), are locally grown with uncompromising dedication to quality and freshness and are available seasonally in select locations
- Implement California avocado marketing programs including media, email, online and social media market-

ing, grove tour video, California Avocado Month recipe contest and launch of California Avocado Summer Entertainment Drive-in Movie Series

- Leverage Food/Wellness/Lifestyle Brand Advocates, influencers, chef partners and fans to share “why California avocado” messages and recipe/nutrition content across digital and social platforms as well as other media as appropriate
- Create brand-safe opportunities to inject California avocados into hyper-relevant cultural moments and champion inclusivity and diversity in California avocado brand programs
- Consumer website maintenance, online recipe section optimization, user testing and data analytics plans to create a 2022 enhancement and optimization roadmap
- Conduct industry outreach with further development of LinkedIn channel, with attendance at and sponsorship of key industry events
- Conduct retail merchandising studies, including State of the Category Report and Shopper Preferences: Levels of Ripeness
- Disseminate California avocado trade messages with retail and foodservice advertising and public relations outreach
- Continue tiered-marketing approach by targeting retailer and foodservice operators who are willing to pay for premium California avocados and develop customized programs for supporting retailers including retail communications and dietitian programs; create customized menu concepts and promotions for existing and new targeted foodservice operations
- Host foodservice AvoTour showcasing the “California food experience” in groves and iconic restaurants
- Execute the California avocado merchandise shop business plan

## Industry Affairs

- Monitor water availability, quality, conservation and pricing issues and represent industry stakeholder interests in discussions and legislative actions related to these topics; explore opportunities that would improve agricultural water supplies and efficiency agricultural programs
- Monitor regulatory, legislative and trade issues and advocate on behalf of growers concerning food safety/regulation, immigration reform, labor overtime laws, APHIS/ARS funding, conservation/water efficiency, free trade agreements and emerging and foreign market development, phytosanitary security and Section 18 emergency exemptions



- Provide growers with relevant information critical to their enterprise via digital and print publications, newsletters, food safety manuals, Pine Tree Ranch field meetings/seminars/workshops and grower forums
- Complete grower website upgrade and ADA compliance project
- Update Ecosystems benefits study and keep growers apprised of sustainability initiatives

## Production Research

- Conduct assessment of the extent of Botryosphaeria branch canker and dieback in California avocado groves and conduct research to delineate the most aggressive species, timing of pathogenic infection, fungicide efficacy and factors influencing expression of the disease
- Run field trials in Mexico to study potential pheromone blends to attract avocado seed and stem feeding weevils, evaluate trap design and placement, and identify natural enemies
- Expand opportunities for micropropagation of California avocados
- Test herbicide safety and efficacy in bearing avocado groves, and share findings via industry articles and Pine Tree Ranch field day
- Conduct trials to test the efficacy of wind screens to reduce GEM avocado scarring
- Establish commercial-scale field testing of advanced rootstock selections 🥑